


Nimmo, Joseph

The importance of a
thorough Congressional
investigation

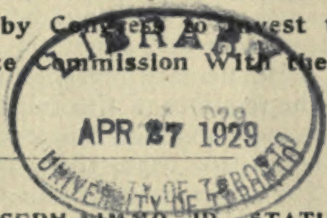
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**HEARINGS BEFORE THE COMMITTEE ON INTER-
STATE AND FOREIGN COMMERCE OF THE
HOUSE OF REPRESENTATIVES.**

**The Importance of a Thorough Congressional Investiga-
tion of the Commercial, Economic and Political
Aspects of the Railroad Question, in Advance of
Any Attempt by Congress to Invest the Inter-
state Commerce Commission With the Power of
Rate-making.**



**STATEMENT BY JOSEPH NIMMO, JR., STATISTICIAN
AND ECONOMIST.**

JANUARY 19, 1905.

MR. CHAIRMAN: Mr. G. Waldo Smith, of the New York Board of Trade and Transportation, who appeared before this committee on Tuesday the 17th instant, presented a petition from that board, in which was recommended "a joint special commission of Congress on interstate commerce to thoroughly investigate all problems involved, and to report their conclusions and recommendations by bill at the opening of the next Congress."

This is a subject in which I am deeply interested. I have for years urged the importance of such a Congressional investigation upon the trade bodies of the country and in the public press. Perhaps the most explicit of these recom-

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mendations is the one made in the Railway Age of January 31, 1901, from which I quote the following :

" It is somewhat astonishing that there has been but one such investigation as that here recommended since the advent of railroad transportation in this country, namely, the investigation of 1886. Since that time important changes have taken place in economic and commercial conditions of controlling force.

" We may profit very much in regard to this important subject from the example of Great Britain. The British Parliament began the investigation of the peculiar commercial, economic, and political aspects of tramways in the year 1801— more than one hundred years ago. Since the advent of steam railroads, about the year 1830, there have been many parliamentary investigations in Great Britain concerning the relations of the railroads to the public interests. The most notable of these were the investigations of 1840, 1844, 1846, 1852, 1865, 1872, 1881, 1888, and 1893-94. The printed report of the Commission of 1872 is a quarto volume of 1,189 pages, nearly as large as a Webster's Dictionary. The report of 1893-94 is also a quarto volume of nearly 700 pages. In these various reports all the more important commercial, economic, and political conditions governing the railroad transportation question in Great Britain have been investigated and reported upon. Theories and notions about railroad management and regulations have also been considered and reported upon— some of them quite as visionary and as absurd as certain of those which now command public attention in this country. As the result of the elaborate parliamentary inquiries, abuses of various sorts have been abated, mistaken ideas in regard to the management and regulation of the railroads of Great Britain have been corrected, sensible remedial expedients have been adopted, many questions at issue have been amicably settled, and public discontent has been allayed. Thus, British statesmen, following the historic example of their illustrious predecessors, have from time to time, in the language of Mr. Gladstone, 'submitted themselves to the lessons of experience and to the lessons of the hour.'

"How different has been the course pursued towards the railroads of this country by our National Government. With an area (exclusive of Alaska and our insular possessions) twenty-five times that of the United Kingdom of Great Britain and Ireland, and with a railroad mileage of over 200,000 miles as against 22,000 miles in Great Britain, as before stated, we have had only one Congressional investigation of the railroad question, namely, the Senate inquiry of 1886, which resulted in the interstate commerce act of February 4, 1887.^a That investigation related to the cure of certain causes of complaint. What is now needed is an inquiry relating to the organization of our vast American railroad system, its relationships to the social, commercial, and industrial interests of the country, the benefits which it has conferred, the evils which have incidentally arisen in the course of its development, and the proper course to be pursued in the attempt to cure those evils. This appears to be the supreme duty of the hour. It is a duty which can not be evaded if legislation in regard to the most important material interests of this country is to be based upon the certain lessons of experience, and not upon the uncertain leadings of public clamor.

"If the eminently wise and wholesome example of Great Britain is to be followed the proposed inquiry will involve many hundred and even thousands of inquiries. Without any attempt to formulate a definite scheme of investigation, I submit, offhand, some of the topical features of such a Congressional investigation."

[Here follow thirty-six specific inquiries relating to the economy of transportation by rail and the relations of the railroads to the general public interests, but which need revision in order to meet changed conditions.—N.]

In view of the fact that the commercial, economic, and constitutional aspects of such Congressional inquiry as that

^a The Windom Senate committee report of 1873 was essentially the result of an inquiry in regard to the construction or improvement of certain water routes,

here recommended have been pretty thoroughly discussed at the present hearings, I shall invite your attention only to a certain inquiry bearing upon fundamental principles of our form of Government, which inquiry, in my judgment, relates to the most important aspect of the whole question at issue. The nature and scope of this inquiry is indicated as follows :

SHALL BUREAUCRATIC GOVERNMENT BE ESTABLISHED IN
THIS COUNTRY?

In order to avoid the slightest misrepresentation as to what is implied by the proposition to invest the Interstate Commerce Commission with the power of rate-making, I quote the following from page 10 of its seventh annual report, dated December 1, 1893 :

“To give each community the rightful benefit of location, to keep different commodities on an equal footing, so that each shall circulate freely and in natural volume, and to prescribe schedule rates which shall be reasonably just to both shipper and carrier is a task of vast magnitude and importance. In the performance of that task lies the great and permanent work of public regulation.”

The Utopian idea of placing the conduct of the commercial and transportation interests of this country under the supervision and control of an administrative bureau of the National Government constitutes a striking illustration of what is commonly known as “bureaucratic government.”

During the last two thousand years there has been going on among the foremost nations of the globe a struggle between the advocates of dispensing justice in the conduct of the interaction of commercial and industrial forces through

the exercise of judicial power and through the exercise of autocratic administrative authority, the latter function being usually performed by a bureau clothed with executive authority or with delegated legislative authority. This latter method—bureaucracy—was the potential cause of the downfall of the Roman Empire. The only civilized country in which it now prevails as an unrestrained expression of governmental authority is Russia, where the people are to-day clamoring for its suppression, for the reason that it constitutes an intolerable form of despotism. In England the autocratic exercise of the power of controlling the course of the development of the commercial and industrial interests of the country by autocratic governmental authority was known as a “dispensing power.” This form of despotism was abolished as a result of the British revolution of 1688. The men who framed our present form of government utterly repudiated any form of autocratic power. But, ever and anon, men oblivious to the lessons of the political experiences of the civilized nations of the globe during the last two thousand years announce in this and in other countries some new scheme for placing the commercial and industrial interests of the people under bureaucratic rule. This is the controlling idea of the Quarles-Cooper bill.

In view of the foregoing, I desire to express the earnest hope that this committee will perceive the present importance of a thorough Congressional investigation of the railroad transportation question and that it may be led to institute such inquiry in all its political, commercial and economic bearings.

For thirty years as officer of the Government, and in my private capacity as statistician and economist, I have been a laborious investigator of the railroad problem in this country, and that experience has impressed me with a sense of the importance of an investigation of the subject by a Congressional committee clothed with all the powers which the governmental authority confers for the discovery of facts not accessible to the private citizen.

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